

SECTION 2: AIR FORCE CONTRACTING

IMPLEMENTING INNOVATIVE POLICY AND PROCESSES

DOES ACQUISITION REFORM WORK - YOU BET!

Air Force contracting made tremendous strides in FY95 to improve the acquisition process. This has been made possible by the implementation of innovative policy and practices which ultimately strengthens customer relationships and brings forth a greater understanding of their requirements.

Acquisition Reform Results:

- ◆ Faster cycle times, lower costs, leaner staffs,
- ◆ \$13B in cost avoidance to date,
- ◆ Savings are helping to fund:
 - ⇒ Operation Joint Endeavor,
 - ⇒ Hurricane Opal rebuilding effort,
 - ⇒ Quality of Life initiatives,
 - ⇒ Air Force continued modernization.

ELECTRONIC COMMERCE - SPEEDING AIR FORCE ACQUISITION

Currently, there are 85 contracting sites that have implemented interim FACNET capabilities in accordance with FAR 4.505-1. These contracting offices successfully demonstrated an EC/EDI capability that conformed to requirements established by the Deputy Under Secretary of Defense (Acquisition Reform), Public Law 103-355, and FASA 1994.

NEW DoD 5000 SERIES DOCUMENTS APPROVED

As part of the acquisition reform initiative, the DoD 5000 series documents have been fundamentally revised. Air Force contracting personnel participated on the Joint OSD-Component Team under the direction of Deputy Under Secretary of Defense for Acquisition Reform and Director of Acquisition Program Integration. Teamwork, early involvement, and empowerment serve as the foundation blocks for DoDD 5000.1, while DoDI 5000.2 takes into account customary commercial practices in developing acquisition strategies and business approaches. Visit the policy section of the Air Force Acquisition Home Page for a copy of the DoD 5000 series documents (<http://www.safaq.hq.af.mil/SAFAQ>).

ALTERNATE MEANS OF DISPUTE RESOLUTION

The goals of the Air Force Alternative Disputes Resolution (ADR) program are to:

- ◆ Reduce the costs associated with formal adjudication,
- ◆ Reduce the time necessary to reach a decision,
- ◆ Empower personnel to creatively resolve controversial issues at the lowest level possible,
- ◆ Place an Air Force wide emphasis on the use of ADR techniques.

The Air Force Trial Team conducts a litigation review of all proposed Contracting Officer Final Decisions (COFDS) valued at more than \$50,000 (AFFARS 5333.211). The trial team is charged with:

- ◆ Identifying controversial issues that are likely candidates for resolution through ADR techniques,
- ◆ Encouraging the use of ADR techniques in such cases, and,
- ◆ Providing sufficient information to help field personnel match their ADR needs with Air Force resources.

| ADR WORKS | | | |
|-----------|--|---------------------------------------|-------------------------------------|
| | Air Force Trial Team Recommendations | Cases Where ADR Was Recommended | Cases Not Appropriate for ADR |
| CY94 | 119 | 27 | 92 |
| CY95 | 98 | 24 | 74 |

PAST PERFORMANCE

Use of past performance in contract award considerations has expanded to all types of competitive awards—simplified acquisitions, IFBs and RFPs, not just formal source selections. Past performance is co-equal with the factor assessments and the proposal risk in formal source selections. The collection of past performance data on awards greater than \$1M became effective 1 Jul 95. SAF/AQC issued an interim format to use to collect the data while DoD looks at an automated system to collect and distribute past performance data. DFARS interim language was published in Nov 95.

AIR FORCE BUSINESS OPPORTUNITY HOME PAGE

Air Force contracting, in partnership with the National Aeronautics and Space Administration (NASA) Directorate of Contracting is establishing an Air Force Business Opportunity Home Page on the World Wide Web (WWW) to facilitate the dissemination of business opportunity information and foster early industry involvement.

- ◆ Access Air Force business opportunities through the Air Force Contracting Home Page at the following WWW address: <http://www.safaq.hq.af.mil/SAFAQ/contracting>.
- ◆ Allows industry and interested Air Force activities to view draft request for proposals (DRFPs), final RFPs, and copies of already published Commerce Business Daily (CBD) synopses.
- ◆ Encourages industry to submit electronic comments on the posted draft RFPs.

Our Air Force WWW business opportunities page fosters early industry involvement, world-wide, with today's technology. Locate the Air Force Contracting Home Page, "surf the net," and discover the possibilities!

QUALITY ASSURANCE EVALUATOR PROGRAM

Air Force contracting led an Integrated Process Team to address the problems that were identified in the Quality Assurance Evaluator (QAE) Program. These problems were lack of leadership involvement, inadequate QAE manning, high turnover, inadequate QAE qualifications and performance, and lack of standardized training. The team developed new Air Force policy that is published in Air Force Instruction (AFI) 63-504, Quality Assurance Evaluator Program. AETC is fielding formal training courses for QAEs, QAE Program Coordinators, and Functional Area Chiefs (FACs). The new policy requires:

- ◆ FACs to provide the proper number of trained QAEs and to assign QAEs who will be available for the duration of the contract;
- ◆ QAEs to be assigned full-time when practical; and
- ◆ That other duties do not interfere with the performance of QAE duties.

We are also increasing visibility of the QAE program at the senior Air Force level by requiring MAJCOMS to provide five top-level metrics. These metrics will be used to measure

- ◆ Training,
- ◆ The number of QAEs and QAE Program Coordinators, and,
- ◆ The number of contract discrepancy reports and dollars withheld.

Well trained and motivated QAEs are critical to ensure quality services are received by our Air Force customers.

LIGHTNING BOLTS

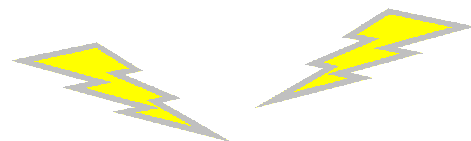
In the Fall 1995 edition of the Air Force Contracting Newsletter, we highlighted several of the eleven lightning bolt initiatives established by Mrs. Darleen Druyun, Principal Deputy, Assistant Secretary (Acquisition and Management). By the end of FY95, many lightning bolts were having a dramatic impact.

- ⚡ **Lightning Bolt #1:** The RFP support team was involved with over 70 programs throughout AFMC. Streamlining efforts had reduced MILSPECS by 98%, CDRLs by 68%, eliminated government SOWs in 95% of the programs, and reduced document page count by 54%!
- ⚡ **Lightning Bolt #2:** A 3-tiered standing ASP composed of senior level acquisition personnel had been established.
- ⚡ **Lightning Bolt #3:** A SPO manpower model had been approved that allows program managers to dramatically reduce their government and contract support program office staff, and thus save money!
- ⚡ **Lightning Bolt #4:** AFMC Product Center and Air Logistics Center supplements were eliminated effective 1 Dec 95. The New Policy Review Team (NPRT) had been established to review all proposed acquisition guidance for consistency with acquisition reform. The team is composed of Secretariat, Air Staff, and HQ AFMC personnel.
- ⚡ **Lightning Bolt #7:** Single Acquisition Management Plans (SAMPs) will replace multiple acquisition documents and are required on all ACAT I and II programs. Final SAMP guidance has been released.
- ⚡ **Lightning Bolt #8:** All PEO and DAC portfolio reviews have been revised to add a section that specifically deals with acquisition reform.

Thus far in FY96, two new lightning bolts have been established. They are:

- ⚡ **Lightning Bolt #10:** Reduce cycle time from receipt of validated user requirement to contract award by 50 percent.
- ⚡ **Lightning Bolt #11:** Enhance the capabilities of our laboratories by adopting improved business processes learned from our weapon system acquisition reform efforts.

Stay updated on Lightning Bolts through the Internet. Visit the Air Force Acquisition (SAF/AQ) Home Page under the Reform section.



CONTRACT ADMINISTRATION AND PRICING HIGHLIGHTS

COST PRINCIPLES AND COST ACCOUNTING STANDARDS

The Cost Principles Committee and the Cost Accounting Standards Committee have remained very active during FY95. Among the issues that have been discussed are:

- ◆ Personal services compensation costs,
- ◆ Legal and other proceedings costs,
- ◆ Allowable individual compensation,
- ◆ Post-retirement benefits, and,
- ◆ Employee stock ownership plan.

Issues before the Cost Accounting Standards Committee are:

- ◆ Revisions to the Disclosure Statement,
- ◆ Pensions,
- ◆ Cost accounting practice changes,
- ◆ Organizational changes and changes in cost accounting practices, and,
- ◆ Treatment of gains/losses subsequent to mergers or business combinations.

Stay tuned during FY96 for any changes!

ELIMINATING UNIQUE MILITARY STANDARDS AND SPECIFICATIONS

DCMC is primed to quickly evaluate contractor proposals to adopt common processes in place of unique military standards and specifications on existing contracts. The focus is to standardize process requirements on a facility-wide basis where it makes good business sense and is technically acceptable. Based on guidance from OSD, DCMC administrative contracting officers can issue block change modifications to affected contracts without equitable adjustment if there are no significant net savings on the current contracts. When significant savings will result, contractors will be asked to submit formal proposals for equitable adjustment.

CONTRACT ADMINISTRATION

Joint Team Reviews Tech Rep Role: Air Force representatives participated in a joint service review of program office technical representatives (Tech Reps) assigned to contractor facilities to perform contract administration (CAS) functions.

- ◆ Team evaluated performance of 393 tech reps performing at 76 contractor locations.
- ◆ Concluded that there was not a systemic problem with the duties and responsibilities the tech reps assumed.
- ◆ Team reported their findings to USD(A&T) in Dec 95.

Changes in Contractor Oversight: The concept of contractor self-oversight is being tested by DCMC and several major contractors who were nominated by the Services. Primarily focusing on the quality function, designated contractor personnel will perform certain quality assurance tasks normally performed by DCMC personnel.

Risk Assessment Model: DCMC is applying a risk assessment model at the 12 reinvention laboratory sites. Where risks are considered acceptable by DCMC and major customers, the DCMC presence is being reduced at these contractors' plants.

CONTRACT PRICING - ON TOP OF CHANGES!

During FY95, Air Force Contract Pricing personnel completed the multi-agency effort to update training materials and course content of all DoD pricing courses to align with FASA. The goal was to ensure that the courses properly reflected the new "FASA" emphasis on using price analysis to determine a fair and reasonable price. This group also participated in the review and piloting of the Acquisition Reform Training Modules (ARTMs) developed by the Acquisition Reform Communications Center.

REGULATORY ACTIVITY

| FAR CHANGES 12 FACs Issued in CY95 FAC 90-25 Through 90-36 | IMPLEMENTATION OF FASA 1994 | |
|--|------------------------------|--|
| DFARS CHANGES 3 DACs Issued in CY95 DAC 91-7 Through 91-9 | <i>FAC 90-28 (26 Jun 95)</i> | Reciprocal Government-wide Effect for Suspensions, Debarments, etc. |
| | <i>FAC 90-29 (3 Jul 95)</i> | Contained New Electronic Contracting & Simplified Acquisition Procedures Policy |
| AFFARS ACTIVITY New AFFARs Issued Effective 1 May 96 | <i>FAC 90-30 (21 Jul 95)</i> | Implemented the Ethics Provisions |
| | <i>FAC 90-31 (15 Aug 95)</i> | Addressed Cost Principles and Certificate Issues |
| | <i>FAC 90-32 (18 Sep 95)</i> | Contained New Truth in Negotiation Act Rules, New Protest and Dispute Procedures, and Issuance of New FAR Part 12 on the Acquisition of Commercial Items |
| | <i>FAC 90-33 (26 Sep 95)</i> | Implemented the FASA Provisions on Special Contracting Methods and Contract Financing Techniques for Commercial Items |

*View the FAR on the Internet
at the Air Force Contracting
Home Page*

NEW FAR AND DFARS CASES

103 New Cases Opened by DAR Council
56 DFARS Cases — 10 Implement Executive Orders and Statutes
47 FAR Cases — 6 Implement Executive Orders and Statutes